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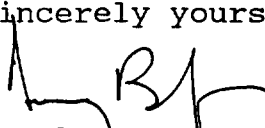
June 1, 1992

Office of the Secretary  
Federal Communications Commission  
Washington, D.C. 20554

**Re: CC Docket No. 92-77**

Please find enclosed for filing in the above-referenced docket an original and nine copies of the COMMENTS OF ADVANCED TELECOMMUNICATIONS CORPORATION, AMERICALL SYSTEMS, INC. AND FIRST PHONE OF NEW ENGLAND, INC.

Sincerely yours,

  
Douglas F. Brent  
Director of Regulatory Affairs

DFB/rac

enclosures

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FEDERAL COMMUNICATIONS COMMISSION  
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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of )  
Billed Party Preference )  
for 0+ InterLATA Calls )

RECEIVED BY  
CC Docket No. 92-77

**COMMENTS OF ADVANCED TELECOMMUNICATIONS CORPORATION,  
AMERICALL SYSTEMS, INC. AND FIRST PHONE OF NEW ENGLAND, INC.**

Advanced Telecommunications Corporation and its wholly-owned subsidiaries, AmeriCall Systems, Inc. and First Phone of New England, Inc., (collectively "ATC") by their undersigned counsel, hereby submit these comments in response to the Commission's Notice of Proposed Rulemaking ("Notice")<sup>1</sup> in the above-referenced proceeding.

ATC provides interstate MTS, including operator-assisted services, and competes directly with AT&T for "0+" presubscription. In addition, ATC issues proprietary calling cards which utilize 1-800 access. Like many other IXCs, ATC has experienced first hand AT&T's various strategies to recapture all of the market for "0+" interLATA services. ATC urges the Commission to take the swift and thorough action necessary to prevent this attempt at remonopolization. As explained below, the Commission must restore the competitive balance upset by AT&T's CIID card program by requiring all IXCs to provide validation services and billing information for any "0+" calling cards they choose to issue.

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<sup>1</sup>FCC 92-169 (released May 8, 1992).

## **I. INTRODUCTION.**

Over the past three years, the Commission has received ample evidence of the anti-competitive results of AT&T's use of a "proprietary" calling card in conjunction with "0+" dialing. This evidence surfaced first in the Cincinnati Bell proceeding,<sup>2</sup> and was extensively documented in the Commission's LEC joint use calling card proceeding.<sup>3</sup> ATC and its subsidiaries were active participants in the LEC joint use calling card proceeding, and were co-sponsors of the December 20, 1991 Emergency Motion which requested an Order requiring AT&T to cease further distribution of CIID cards.

Inasmuch as AT&T's aggressive and deceptive CIID program has already been described in the proceedings noted above, ATC will not describe it here. Rather, ATC will attempt to respond to those specific questions set forth in the Commission's Notice.

## **II. THE COMMISSION'S PROPOSAL TO RESTRICT THE USE OF PROPRIETARY CALLING CARDS IS ESSENTIAL TO PREVENT UNFAIR COMPETITION.**

ATC agrees with the Commission that there are public interest benefits to proprietary IXC calling cards, but only when such cards are used with proprietary forms of network access. For example, ATC, AmeriCall and First Phone all issue proprietary calling cards

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<sup>2</sup>Cincinnati Bell Telephone Company, 6 FCC Rcd 3501 (1991), petition for recon. pending.

<sup>3</sup>Policies and Rules Concerning Local Exchange Carrier Validation and Billing Information for Joint Use Calling Cards, CC Dkt 91-115, FCC 92-168 (released May 8, 1992).

which are used with specific 800 or 950 access numbers. These proprietary access codes ensure that ATC, AmeriCall and First Phone customers always reach their carrier of choice from public telephones and other aggregator locations. The assurance provided by these cards is clearly in the public interest. The Commission does not have to deny AT&T the ability to issue a proprietary card to its customers. AT&T can issue a proprietary card which uses the same access methods (800, 950) as other IXC calling cards.

Unfortunately, the Commission appears to have accepted the premise that AT&T's CIID card is proprietary -- this is not correct. In addition to providing validation and billing services for hundreds of local exchange carriers, AT&T is providing validation, billing and collection services for GTE Airfone, an IXC<sup>4</sup> which is unaffiliated with AT&T. AT&T is offering CIID validation and billing to Airfone, apparently in return for Airfone's commitment to use AT&T's domestic and international transmission services (which Airfone bundles into its own retail product). Calling card calls made using Airfone service are billed on behalf of Airfone, not AT&T. This is true even when a CIID card is used. As is obvious from this arrangement, AT&T has seen fit to make CIID validation and billing available to IXCs, when such availability suits AT&T's business interests. Clearly, AT&T's claim that the CIID card is proprietary rings hollow in the face of this blatantly discriminatory arrangement with Airfone.

The use of "0+" access for proprietary calling cards creates

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<sup>4</sup>GTE Airfone, 6 FCC Rcd 6938 (1991).

numerous problems for AT&T's competitors serving aggregator locations. The Commission's Notice suggests that it is AT&T's promotion of 10288 access which intimidates aggregators into abandoning other IXCs in favor of AT&T. ATC agrees somewhat, but 10288 access is not the heart of the problem. Rather, it is the confusion created by AT&T's insistence on using "0+" as the primary access method for the CIID card. This insistence, coupled with AT&T's misleading directions to "hang up if you don't hear 'AT&T' after the bong," creates the difficulty. These instructions mislead AT&T customers into believing that if a "0+" call is not branded by AT&T, then the location owner is somehow to blame.

However, as has been well documented in the Commission's Access and Compensation proceeding,<sup>5</sup> 10288 access does create a problem for aggregators who have older customer premises equipment and cannot (and do not yet have an obligation to) unblock 10XXX access. For these customers, it is AT&T's steadfast refusal to make available 800 access which coerces aggregators to "choose" AT&T. AT&T knows this. ATC believes one of the reasons AT&T has stalled the implementation of 800 access for its CIID calling cards is that the wide availability of such access would eliminate the confusion (and competitive advantage) created by AT&T's reliance on 10XXX access as the only alternative access method. Indeed, it is apparently for this same reason that AT&T has kept its 800 access method (1-800-CALL-ATT) such a secret from its own customers.

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<sup>5</sup>Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation, Report and Order and Further Notice of Proposed Rulemaking, 6 FCC Rcd 4736 (1991)

The solution to each of these problems is to eliminate AT&T's ability to leverage its "1+" market share in the "0+" marketplace. This can be accomplished by adopting the Commission's proposal to end the use of "0+" access with proprietary calling cards.

ATC and the remainder of the competitive long distance industry have only asked that the FCC take steps to deny AT&T the ability to derive an unfair competitive advantage from its CIID card. Such advantage may be eliminated by prohibiting AT&T (and all IXCs) from using "0+" access with "proprietary" calling cards. In the alternative, and as the Commission notes, AT&T could choose to open up validation and billing for its CIID cards, while retaining "0+" as the primary access method.

**III. ALL IXCS SHOULD HAVE THE CHOICE OF WHICH TYPE OF CALLING CARD TO ISSUE.**

The Commission has asked who should make the choice between proprietary access code cards and non-proprietary "0+" calling cards. This decision should be up to individual IXCs, who make a business judgement based upon marketplace conditions. For example, AT&T could choose to adopt a new access method for CIID card use. On the other hand, AT&T could easily choose to make available validation and billing information for its CIID cards. Indeed, AT&T (or any IXC) might choose to do both -- certain CIID card combinations could remain proprietary and useful only with 950 or 800 access, while others (for example, CIID codes which were formerly shared RAO codes) could be placed in LEC/LIDB databases and made available for billing.

**IV. EFFECTIVE SCREENING WILL REQUIRE 800 OR 950 ACCESS AND REJECTION OF PROPRIETARY CARDS ON "0+" TRUNKS.**

The Commission has asked how IXCs will distinguish and screen proprietary and non-proprietary card calls, as well as whether carriers should be obligated to reject "0+" calls by customers using proprietary calling cards. ATC believes the key to any screening plan would be to ensure that proprietary cardholders use a dialing pattern other than "0+" or 10XXX. In order to ensure that cardholders use the appropriate dialing sequence, IXCs should be ordered to reject proprietary card calls dialed with the wrong access code. ATC believes AT&T could easily instruct its current CIID cardholders to begin using 1-800 or 950 access in conjunction with the card. Such a transition would ensure that AT&T's cardholders always reach AT&T, and that other IXCs are not plagued with "0+" calling card calls which they cannot handle. Although the choice of how to educate customers should be up to AT&T, ATC believes AT&T would need to reissue calling cards (although not numbers) containing 800 or 950 access numbers.

It will also be necessary to eliminate 10XXX access for use with CIID cards. This is because AT&T and other IXCs will continue to process "0+" calls billed to LEC joint use calling cards. Accordingly, it would still be possible to access the AT&T network (or an operator) using 10288 access. However, absent appropriate safeguards, the existence of these access methods could permit millions of CIID card calls to "slip through" on a "0+" basis. This is because AT&T allegedly cannot differentiate between "0+"

and "10XXX +0" calls.<sup>6</sup> Accordingly, the Commission should require that AT&T screen the first six digits of each calling card entered by a user or given to an operator during a "0+" call, to determine whether the card being used is a CIID card. Such calls should then be routed to a recorded message, (e.g., "please hang up and dial 1-800-CALL-ATT to use your card.")<sup>7</sup> No other alternative would be sufficient to remedy the marketplace confusion created by AT&T. If AT&T were permitted to continue accepting CIID cards for calls dialed on a "0+" or 10288 basis, end users would still assume that "0+" should always be used as the primary access method, primarily because LECs will be continuing to promote this access method for use with LEC cards. However, the differences between LEC cards and AT&T CIID cards may not be apparent to the average end user.

**V. IF AT&T RETAINS "0+" DIALING FOR CIID CARDS,  
IXCS MUST HAVE ACCESS TO VALIDATION, BNA,  
OR AT&T BILLING SERVICES.**

ATC does not believe that AT&T will make available access to its CIID cards, if given the choice between doing so and shifting all CIID usage to 800 or 950 access. However, if CIID cards are rendered non-proprietary by AT&T, AT&T should be ordered to make contractual arrangements with a LIDB provider so that CIID card numbers may be placed in a database for validation by IXCs through

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<sup>6</sup>See AT&T Comments, (CC Docket 91-115), p. 18, fn. \*\*\* ("10XXX codes are not passed to IXCs by LECs, making the two types of access indistinguishable to the IXCs.)

<sup>7</sup>In order to best assist callers, other IXCs would need to route "0+" CIID calls to similar recordings.



existing interconnection arrangements. In addition, AT&T will need to make billing name and address information available directly to IXC's, or in the alternative, provide "billing telephone number" translation services so that IXC's may outclear CIID card calls through their existing billing and collection arrangements.

**VI. THE COMMISSION'S PROPOSAL MAY BE ENACTED  
WITHOUT UNREASONABLE EFFECTS ON CONSUMERS.**

Naturally, the Commission's proposal to eliminate "0+" access for proprietary and calling cards could be confusing in the short term. However, the conversion process can be effectively managed to ensure that consumers can continue to place interstate telephone calls while evaluating which type of calling card (e.g., IXC proprietary or LEC "0+") best meets their needs. As discussed above, AT&T would need to reissue calling cards containing its new access method(s). In addition, AT&T would probably need to provide written instructions and information directly to cardholders concerning the changes in access methods and explaining the continued access of "0+" dialing for calls billed to LEC joint use calling cards.<sup>8</sup> Moreover, during the transition period, the BOCs and other card-issuing LECs could be expected to continue promoting their own joint use calling cards and the dialing convenience associated therewith.

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<sup>8</sup>Given AT&T's disingenuous informational campaign which preceded its CIID card rollout, (e.g., "Due to government regulations. . .") it is clear the Commission will need to closely supervise AT&T's explanation of the cessation of "0+" CIID card access.

**VII. CONCLUSION.**

ATC strongly supports the Commission's proposal to end the use of proprietary IXC calling cards in conjunction with "0+" access. Action in this area is long overdue to address the unfair competitive advantage which exists solely because of AT&T's pre-divestiture dominance in the "0+" interexchange marketplace. The requirement that AT&T either open up its cards to validation or choose a proprietary access method will create a level playing field for carriers and consumers alike. With dozens of IXCs making available proprietary calling cards, in addition to the availability of LEC joint use "0+" calling cards, all of the calling needs of consumers may continue to be addressed.

Respectfully submitted,

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